RAJYA SABHA

Monday the 17th March, 1986/6th Phaguna, 1907 (Saka)

Monday the 17th March, 1986/26th Phalguna, 1907 (Saka)

MEMBER SWORN

Shri T.S. Gurung (West Bengal).

ORAL ANSWERS TO QUESTIONS

Haldia Petrochemical Project

*301. SHRI RAMKRISHNA MAZUMDER:
SHRI CHITTA BASU:†

Will the Minister of INDUSTRY be pleased to state:

(a) whether the Haldia Petrochemical project requires foreign exchange;

(b) if so, the quantum of foreign exchange needed therefor;

(c) whether Governmnet have agreed to provide for such foreign exchange; and

(d) if not, what are the reasons therefor?

THE MINISTER OF STATE IN THE DEPARTMENT OF CHEMICALS AND PERRO-CHEMICALS (SHRI R. K. JAICHANDRA SINGH): (a) and (b) As per the latest indication given by the project authorities in January 1986 foreign exchange component of the capital cost is about Rs. 268 crores.

(c) and (d) The approval for foreign exchange expenditure is required at various stages of project implementation. Applications for foreign collaboration submitted by Haldia Petrochemicals Ltd. are under process.

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†The question was actually asked on the floor of the House by Shri Chitta Basu.

MR. CHAIRMAN: Yes, Mr. Chitta Basu.

SHRI CHITTA BASU: Sir, I think you are aware that the Haldia Petrochemicals Complex Project was conceived as a Centre-State project initially. With the refusal by the Centre to take part in the funding of this project at a very crucial stage of its development, the West Bengal Government has to finalise an agreement with a private sector corporate body and referred it to the Government of India to approve of it because that joint sector project was on the standard pattern of joint sector evolved by the Government of India. Now, Sir, the project at this stage is also facing certain constraints. The constraints are due to, firstly, the delay in issuing a fresh letter of intent in the name of Haldia Petrochemicals Limited, new Company, secondly, to the delay in approving the revised product-mix and, thirdly, to the delay in approving of the technical collaboration with the foreign firms involing foreign exchange. These are the major constraints now being faced by the Haldia Petrochemicals Ltd.

Sir, may I know from the honourable Minister what steps the Government proposes to take to remove these contraints as early as possible because unless these constraints are removed, the preliminary work of the project cannot be started although the State Government has already invested a huge sum of money for this particular purpose?

SHRI R.K. JAICHANDRA SINGH: Sir, it is erroneous to say that the project was first conceived as a Central project because when the West Bengal Industrial Development Corporation made an application some times in 1976 there was no intention in that letter that it would be a Central public sector unit. We issued the first letter of intent some time in

1977 and allowed the State Government to explore the various possibilities to set up petrochemicals complex in Haldia. Sir, this is the latest position. We had issued this letter of intent, as I said, in the name of the West Bengal Industrial Development Corporation. Later on, because of various other things, the State Government came to the Centre and asked for a change in the name, that is, they asked for the name to be changed from the West Bengal Industrial Development Corporation to Haldia Petrochemicals Ltd., and they wanted the letter of intent to be issued in this name. We asked for a feasibility report from the State Government. A feasibility report came only as early as or as late as late January this year. The change in the name to Haldia Petrochemical Ltd. and also the product mix is under consideration. I have given an assurance on the floor of the other House that we would be taking a decision as early as possible.

About the third point which the hon. Member has raised about foreign collaboration, as I said in parts (b) and (d) of my answer, this will have to be cleared at different stages. The total amount asked for is about Rs. 268 crores and there are four major areas in which foreign exchange is involved. No. 1 is plant and machinery. No. 2 is licence and know-how fees. No. 3 is basic engineering fees and No. 4 is expropriate assistance. All these are to come from the party in different stages for Government consideration.

SHRI CHITTA BASU: As I have mentioned earlier, funding is a very important aspect of this project. As far as I know, the cost estimate of the project comes to around Rs. 1000 crores. The State Government and co-promoter would be able to mobilise only about 250 crores. The remaining 750 crores are to be secured from the financial institutions and other agencies including the foreign banks, if necessary and possible. In this context, may I know from the hon. Minister whether the Ministry of Industry will be taking an initiative in the matter of mobilising these resources for the project as a prime and effective coordinating Ministry so that the project can be seen through? Would the Government explain this position and what steps does the Government propose to take in the matter of mobilisation of financial resources for it? As I said, it was earlier conceived as a project in which the Centre had to participate in funding.

SHRI R. K. JAICHANDRA SINGH: It is for the State Government to mobilise the resources. As I said, it will not be possible for the Central Government to give any assistance because of various financial constraints. It is not only for the West Bengal Government. The same is being applied to the Salempur project in U.P. and also the Gujarat Petrochemical Project in Gujarat.

SHRI MOSTAFA BIN QUASEM: I would like to say that a reference was made on 10-10-1985 to the Department of Company Affairs asking confirmation that prior approval of the Central Government under Section 22 of the MRTP Act is not necessary for implementation of the project by the newly formed Haldia Petrochemicals Limited. I would like to know from the hon. Minister whether he is aware of this fact and whether this confirmation has been issued to the Industrial Development Corporation of West Bengal. If not, how long a time would he like to take in order to issue that confirmation to the West Bengal Industrial Development Corporation?

SHRI R. K. JAICHANDRA SINGH: In a nutshell, I have answered that the whole matter is under the process of the Ministry of Industry. Sir, the company being an MRTP company, it will have to be examined under the MRTP Act.